Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Number Portability Query Services)	CC Docket No. 98-14
)	
Ameritech Tariff F.C.C. No. 2,)	CCB/CPD 97-46
Transmittal Nos. 1123, 1130)	
)	
Bell Atlantic Tariff F.C.C. No. 1,)	CCB/CPD 97-52
Transmittal No. 1009)	
)	

OPPOSITION TO DIRECT CASES

Mark C. Rosenblum
Peter H. Jacoby
James H. Bolin, Jr.

Its Attorneys

Room 3247H3
295 North Maple Avenue
Basking Ridge, NJ 07920
(908) 221-4617

February 20, 1998

TABLE OF CONTENTS

SUMMARY

The Commission's <u>Designation Order</u> in the instant proceeding found that Ameritech's and Bell Atlantic's LNP query service tariffs failed to provide sufficient cost justification or other support to demonstrate the reasonableness of the charges they proposed. Despite these unequivocal findings, the direct cases offer only halfhearted efforts to justify the tariffed query charges -- efforts which are patently inadequate to carry the RBOCs' burden of proof. The data Ameritech and Bell Atlantic do provide, however, serve to create more questions than they answer, and in many instances reveal significant inconsistencies or flawed assumptions. Accordingly, the Commission should reject Ameritech's and Bell Atlantic's tariffs as unlawful, and direct them to re-file their LNP query service tariffs with proper supporting data.

To the limited extent that Ameritech's and Bell Atlantic's filings do permit meaningful analysis, it is plain that their LNP query tariffs are deeply flawed. First, their tariff filings indicate that both RBOCs intend to charge for unnecessary LNP queries, in direct contravention of the NANC Process Flows adopted in the Commission's <u>LNP Second Report and Order</u>. Both tariffs also improperly use fully distributed, rather than incremental, costs -- contrary to the Commission's prior guidance regarding cost recovery for interim number portability.

Bell Atlantic's tariff impermissibly seeks to allocate costs for modifications to SS7, OSSs, and other systems that are neither caused by, nor related to, LNP query services. In contrast, Ameritech's filing candidly admits that the majority of its systems-related costs to implement LNP are not used to provide or bill LNP query service, and so claims to have excluded those unrelated costs.

Ameritech's tariff estimates that it will require an utterly implausible <u>seven</u> <u>hours</u> per account per month simply to establish an account for billing default LNP queries. Moreover, it proposes to levy this so-called "nonrecurring" charge on N-1 carriers in each and every month that they deliver default traffic to Ameritech's network. In direct contrast, Bell Atlantic does not propose any such explicit "non-recurring" charge for default queries. Ameritech's proposed charge is plainly unreasonable and should be rejected.

Ameritech's and Bell Atlantic's query demand estimates differ wildly, laying bare the uncertainty inherent in predicting LNP query volumes. Such forecasts are, however derived, no more than "best guesses" as to how fast local competition will develop and how many customers will choose to port their numbers. Given the radical uncertainty surrounding query demand forecasting, and the fact that the number of queries one assumes is a major determinant of per query charges, the Commission should approve tariffs for LNP query rates only on a yearly basis, and direct that subsequent year's tariffs be adjusted to reflect over- or undercharging from the previous year.

Finally, the Commission should reject Ameritech's proposal to block prearranged queries that exceed carriers' forecast volumes by more than 125%. Ameritech should not be permitted to require its potential competitors to provide it with forecasts of their anticipated query volumes, and in all events offers no justification for its arbitrary 125% cut-off. More fundamentally, the Commission's <u>LNP Second Report and Order</u> adopted NANC recommendations, arrived at by industry consensus, that simply do not permit carriers to block prearranged queries.

In the Matter of	)	
	)	
Number Portability Query Services	)	CC Docket No. 98-14
	)	
Ameritech Tariff F.C.C. No. 2,	)	CCB/CPD 97-46
Transmittal Nos. 1123, 1130	)	
	)	
Bell Atlantic Tariff F.C.C. No. 1,	)	CCB/CPD 97-52
Transmittal No. 1009	)	

OPPOSITION TO DIRECT CASES

Pursuant to the January 30, 1998 Order Designating Issues For

Investigation ("Designation Order"), AT&T Corp. ("AT&T") hereby opposes the direct

cases filed by Ameritech and Bell Atlantic concerning the lawfulness of their long-term

number portability query service tariff ("LNP query service") filings. For the reasons

discussed below, Ameritech and Bell Atlantic fail even to shoulder -- much less to carry --

their burden of proving that the rates they seek to establish are just and reasonable.[1] What

little data these RBOCs do provide merely serves to raise significant doubts as to the

validity of their filings. Accordingly, the tariffs at issue should be rejected as unlawful, and

---

[1]   In this investigation, Ameritech and Bell Atlantic bear the burden of proving that
their tariffs are just and reasonable. 47 U.S.C. § 204(a)(1); see also Designation
Order, ¶ 9.

AT&T   2/20/98

Bell Atlantic and Ameritech should be directed to re-file LNP query tariffs with proper

supporting data.

I.   AMERITECH AND BELL ATLANTIC HAVE CLEARLY FAILED TO MEET
        THEIR BURDEN OF PROOF

The Commission's order suspending the instant tariffs found that

> Ameritech and Bell Atlantic have not provided sufficient cost justification
> and other support to demonstrate the reasonableness of the proposed
> charges and rate structures. For example, Ameritech and Bell Atlantic
> have not provided a sufficiently detailed explanation of the calculation of
> their proposed rates in relation to their costs....[2]

Despite this unequivocal conclusion that the RBOCs must come forth with further, more

detailed justification for their proposed rates, neither direct case offers either sufficient

data to permit the Commission or commenters to evaluate their proposed rates, or

meaningful explanations of many of their assumptions or calculations. Bell Atlantic's

direct case offers a scant 5 pages of text and a single page of summary figures.

Ameritech's direct case, though more prolix, also presents virtually no actual figures to

support its claims. The RBOCs' halfhearted efforts are patently inadequate to satisfy the

Designation Order's requirement that they "present their costs in terms of the categories

the Commission developed," "break investment and expense estimates into these

categories," and "identify costs with sufficient specificity to allow the Commission and

---

[2]   Memorandum Opinion and Order, Petition Of Ameritech To Establish A New
        Access Tariff Service And Rate Elements Pursuant To Part 69 Of The
        Commission's Rules, CCB/CPD 97-46, released October 30, 1997, ¶ 18
        ("Suspension Order").

other parties to evaluate them."[3] The Commission can and should reject the LNP query tariffs on this basis alone.

The perfunctory nature of the RBOCs' direct cases makes it impossible to test many of their key assertions. The data Ameritech and Bell Atlantic do provide, however, create more questions than they answer. For example:

- A catch-all category of so-called "Other Direct Expenses" accounts for over 82% of the cost of Ameritech's tandem queries, and over 90% of end office queries.[4] Undefined "other expenses" make up 14% of recurring charges for Bell Atlantic's end office queries, and 30% of those charges for tandem and database queries.[5] Neither Ameritech nor Bell Atlantic explains what items are included in these categories.

- Both Bell Atlantic and Ameritech seek to charge significantly higher rates for queries from end offices than from tandem switches, and both assert that this differential is due to increased costs to provide transport from end offices. Neither RBOC explains how its transport costs are calculated, making it impossible to determine the reasonableness of their transport cost assumptions.

- Bell Atlantic assumes a 15% cost of capital, but provides no justification for this figure, which is far higher than is reasonable.[6] In contrast, Ameritech assumes a cost of capital of just 10%.[7]

---

[3] Designation Order, ¶ 15.

[4] Ameritech Transmittal No. 1123, Sept. 16, 1997, D&J Ex. 1, pp. 1-2.

[5] Bell Atlantic Transmittal No. 1009, Oct. 30, 1997, Workpapers 7-1 through 7-3.

[6] An appropriate cost of capital rate would be approximately 10%. See, e.g., AT&T ex parte filed December 11, 1997, Federal-State Board On Universal Service, CC Docket 96-45, Hatfield Model Release 5.0, Model Description, p. 60 (deriving cost of capital of 10.01%) ("Hatfield Model Release 5.0 Model Description").

[7] Ameritech's cost of capital rate is computed from the per query investment, depreciation, and cost of money amounts from Ameritech Transmittal No. 1123, D&J Ex. 1, using standard financial calculations. Likewise, Bell Atlantic's 15% cost of capital rate is computed from the per query investment, depreciation, and cost of money amounts in Bell Atlantic Transmittal No. 1009, Workpaper 7-1.

- Both Bell Atlantic and Ameritech appear to calculate depreciation using too short a life -- Bell Atlantic uses approximately 6.4 years, while Ameritech uses approximately 7 years.[8] No explanation is provided for the appropriateness of these depreciation lives. The current version (5.0) of the Hatfield Model does not calculate STP and SCP lives separately, but includes those lives in its digital switching category, which assumes a depreciation life of 16.66 years.[9]

- The single-page attachment to Bell Atlantic's direct case depicts expenses for multiple right-to-use fees as well as STP maintenance and administrative charges. No information is provided as to sources of these charges, which may have been recovered in previous or ongoing state proceedings or may otherwise be improper.

- Ameritech states at page 7 of its direct case that its query rates include "a factor representing the percent [sic] of additional employee related expenses required to provision the query service." However, Ameritech nowhere explains how it calculated this employee expense factor, and it is thus impossible to evaluate its reasonableness.

Moreover, the Suspension Order expressly conditioned its ruling on Ameritech's

and Bell Atlantic's compliance with the yet-to-be-established LNP cost recovery rules.

The grant of these petitions [to establish the LNP query rate elements] will be subject to the Commission's determinations in CC Docket No. 95-116. .... We will require Ameritech and Bell Atlantic to conform their rates, rate structures, regulations, and services offered in these tariffs to any determinations made by the Commission in that proceeding.[10]

---

[8]   Ameritech Transmittal No. 1123, D&J Ex. 1; Bell Atlantic Transmittal No. 1009, Workpapers 7-1 through 7-3.

[9]   See Hatfield Model Release 5.0 Model Description, pp. 61. The Hatfield Model determined service lives for 23 categories of equipment "based on their average projection lives adjusted for net salvage value as determined by the three-way meetings (FCC, State Commissions, LEC) for 76 LEC study areas including all of the RBOCs, SNET, Cincinnati Bell, and numerous GTE and United companies." Id., p. 60.

[10]   Suspension Order, ¶ 17.

As of the date of this Opposition the LNP cost recovery rules have not been issued. Accordingly, Bell Atlantic's and Ameritech's tariffs are based on each RBOC's assumptions as to what those rules <u>might</u> require.

It is plain, however, that Bell Atlantic's and Ameritech's conceptions of LNP cost recovery differ widely. For example, Bell Atlantic argues that <u>all</u> of its LNP-related costs to upgrade its SS7, OSS and billing systems should be factored into its query charges, including, <u>inter alia</u>, modifications to ordering systems that will be used to manage the actual porting of numbers, and systems that track maintenance requests from Bell Atlantic customers.[11] In contrast, Ameritech asserts that it included systems-related costs "only to the extent they were necessary for the provision of query service," and so did not include systems changes that related to, <u>e.g.</u>, the porting of numbers rather than to querying.[12]

Neither the Commission nor commenters can reasonably hope to fully evaluate the RBOCs' compliance with standards that do not yet exist. This fundamental fact has sweeping implications. Bell Atlantic summarily asserts that its proposed rates include only Type I (shared industry costs of LNP) and Type II (costs directly related to LNP) costs.[13] But at this point, that claim is mere puffing -- the Commission has yet to

---

[11]   <u>See</u> Bell Atlantic Direct Case, pp. 2-3.

[12]   Ameritech Direct Case, p. 5. It also bears noting that SBC proposed a rate of only 0.3 cents for both end office and tandem LNP queries -- which is significantly lower than Ameritech's or Bell Atlantic's proposals, and which contrasts with those RBOCs' suggestion that end office and tandem queries should be priced differently. <u>See</u> SBC Transmittal No. 2638, Tariff F.C.C. No. 73, Section 34.5.

[13]   <u>See</u> Bell Atlantic Direct Case, p. 2.

specify what expenses will be deemed "Type II" costs and, as Bell Atlantic well knows, that issue has been hotly disputed in the Commission's cost recovery proceeding. The absence of LNP cost recovery rules makes meaningful evaluation of the instant tariffs impossible. Bell Atlantic and Ameritech can simply assume away almost any objection by hypothesizing that the Commission might allow them to do precisely what they propose.

In sum, Ameritech and Bell Atlantic have provided so little information that the Commission cannot reasonably hope to prescribe appropriate rates for LNP queries based on the record in this proceeding. Given the procedural posture of this matter, the Commission should reject the instant tariffs and order the BOCs to re-file them with proper cost support, in order to protect query purchasers from overcharges.[14]

Neither Bell Atlantic nor Ameritech would be injured by being required to re-file their LNP query service tariffs -- indeed, they have invited that result by opting not to provide the information required by the Designation Order. On the day that direct cases in this investigation were due, SBC and Pacific Bell sought permission to withdraw

---

[14]   Section 204(a)(2)(A) of the Communications Act requires the Commission to resolve the instant investigation within five months after the date that the LNP query tariffs became effective. That five-month period will have run at the end of March 1998. After that time, Ameritech and Bell Atlantic are likely to contend that the Commission no longer has the power to continue in effect the accounting order established for this proceeding or to order retroactive adjustments to the tariffed LNP query rates, even if those charges are unreasonable or are contrary to its cost recovery rules. Such a result would be both irrational and unjust, as it would deprive carriers that must purchase LNP query services from the instant tariffs of all legal remedies against overcharges. To prevent that result, the Commission should, as shown above, reject the tariffs under investigation in this proceeding and order Ameritech and Bell Atlantic to re-file new LNP query service tariffs.

their existing LNP query tariffs, and indicated that they intended to file new tariffs for those services in March.[15] Meanwhile, U S West, GTE and BellSouth have yet to file LNP query tariffs of any kind. Thus, Bell Atlantic's and Ameritech's fellow ILECs plainly believe that they have sufficient time to get the necessary query-related tariff provisions in place prior to implementation of permanent LNP.

With implementation of long-term LNP scheduled to begin March 31, 1998 in the first round of MSAs, there remains sufficient time for Ameritech and Bell Atlantic to file revised LNP query tariffs. When the BOCs re-file their LNP query tariffs with meaningful data to support them, the Commission should again suspend them for one day and set them for investigation -- an investigation that can be conducted against the framework of the LNP cost recovery rules that the Commission is expected to release imminently.

II.   THE COMMISSION'S LNP ORDERS PROHIBIT CHARGES FOR QUERIES
        UNLESS A CALL TERMINATES TO AN END OFFICE FROM WHICH AT
        LEAST ONE NUMBER HAS BEEN PORTED

Even if their rates were otherwise properly cost-supported (and, as shown above, they are not) both Ameritech's and Bell Atlantic's tariff filings indicate that those RBOCs intend to charge for unnecessary LNP queries -- a practice that would be facially unreasonable. The NANC Process Flows, which the Commission adopted in the Second

---

[15]   See Southwestern Bell Telephone Company, Response to Order Designating
         Issues for Investigation and Motion to Terminate Investigation Order, filed
         February 13, 1998, p. 2, in Number Portability Query Services, CC Docket No.
         98-14; Pacific Bell, Response to Order Designating Issues for Investigation and
         Motion to Terminate Investigation Order, p. 2, filed February 13, 1998, in id.

Report and Order in its LNP docket, specify that queries need only be performed when at least one number has been ported from an NXX.[16] That is, N-1 carriers are not required to perform queries before delivering a call to an NXX unless a number in that NXX has actually been ported.

Contrary to this requirement, Ameritech's tariff states that

> Terminating calls from N-1 carriers upon which a query has not been performed to numbers in the Telephone Company's network with NXX codes that have been designated as portable may require a query to the LNP data base.[17]

Similarly, Bell Atlantic's tariff indicates that queries will be performed for calls "to numbers in the Telephone Company's network with NXX codes that have been designated as portable."[18] Both RBOCs' tariffs thus propose to charge N-1 carriers for queries as soon as an NXX is designated as portable -- that is, as soon as permanent LNP becomes available -- rather than after a number has actually been ported in that NXX. These tariff provisions will require all N-1 carriers to perform unnecessary queries before delivering traffic to Ameritech's or Bell Atlantic's NXXs (if they have that capability, as many N-1

---

[16] See North American Numbering Council, Local Number Portability Administration Selection Working Group, LNPA Technical & Operational Requirements Task Force Report, April 25, 1997, Appendix B, Figure 9, (adopted by the Commission in Second Report and Order, Telephone Number Portability, CC Docket No. 95-116, FCC 97-289, released August 18, 1997, ¶ 52 ("LNP Second Report and Order").

[17] Ameritech Transmittal No. 1123, p. 166.4.1 (emphasis added).

[18] Bell Atlantic Transmittal No. 1009, p. 890.19. At a subsequent page of its tariff, Bell Atlantic states that it only will charge for end office queries "to a Directory Number that has been ported out of the Telephone Company donor switch to a recipient switch" -- that is, for calls to numbers that have actually been ported. Id., p. 890.22.

carriers will not), or else pay those RBOCs for performing a service that is both pointless

and contrary to the Commission's policies.

The only possible justification for requiring queries to be performed for

every NXX designated as portable is to increase the potential revenues for LNP query

services. N-1 carriers that deliver traffic to an NXX on an unqueried basis, in full accord

with the NANC process flows adopted by the Commission, should not be required to pay

for this utterly superfluous "service."

III.   THE COMMISSION'S PRIOR ORDERS MAKE CLEAR THAT QUERY CHARGES SHOULD BE BASED ON INCREMENTAL, NOT FULLY DISTRIBUTED, COSTS

The Designation Order also seeks comment as to "whether carriers may

include a fully distributed cost annual charge factor in query charges."[19] The

Commission's First Report and Order in its LNP docket unequivocally held that

incremental costs, not fully distributed costs, are the proper measure of interim LNP costs:

"The costs of currently available number portability are the incremental costs incurred by a

LEC to transfer numbers initially and subsequently forward calls to new service providers

using existing RCF, DID, or other comparable measures."[20] Neither Ameritech nor Bell

Atlantic even attempts to distinguish this prior finding, or to explain why the Commission's

---

[19]   Designation Order, ¶ 9.

[20]   First Report and Order and Further Notice of Proposed Rulemaking, Telephone
        Number Portability, CC Docket No. 95-116, FCC 96-286, released July 2, 1996,
        ¶ 129; see also, e.g., id., ¶¶ 130 ("states may apportion the incremental costs of
        currently available [LNP] measures among relevant carriers"), 136 (approving
        New York scheme to allocate "incremental costs of currently available number
        portability measures" and similar proposal in Illinois).

cost recovery standards for interim portability are not fully applicable to permanent LNP in this regard.

As a preliminary matter, Ameritech argues at page 9 of its direct case that it "did not use a fully distributed cost methodology to develop its query service rates." However, line 3 of Exhibit 3 to the Description and Justification filed with Ameritech's Transmittal No. 1123 is an "FDC annual charge factor," and so Ameritech's assertion cannot be credited.

In its Direct Case, Ameritech attempts to argue that LNP query service "is not the number portability required to be provided by LECs under Section 251(b)(2) ... [and] its costs are thus not subject to the 'competitively neutral cost recovery' requirement of Section 251(e)(2)."[21] Ameritech then asserts that LNP query service is "a call-related database query service," and makes a passing citation to the Commission's LNP Second Report and Order as purported support for its claim.[22]

In fact, nothing in any Commission order suggests that query service is anything other than an integral part of local number portability. Contrary to Ameritech's unelaborated suggestion that § 251(b)(2) somehow excludes query service from the scope of LNP, that section requires LECs to provide local number portability "in accordance with requirements prescribed by the Commission." The Commission has explicitly required LECs to provide query service for default-routed calls, making plain that that

---

[21]   Ameritech Direct Case, pp. 9-10.

[22]   Id., p. 10.

service is an essential aspect of LNP, without which that system would be far less reliable and stable.

The RBOCs' use of fully distributed costs ("FDC") simply cannot be justified. Ameritech and Bell Atlantic presumably already are recovering their full costs for "overhead" in their other rates -- to permit them to spread portion of those costs over query services would authorize a double recovery. Moreover, even if an FDC methodology were appropriate for LNP query services (which it is not), the FDC factors used in the instant tariffs are patently unreasonable. Ameritech's FDC factor increases its proposed rates by over 77%, while Bell Atlantic uses fully distributed loading of 60%.[23] Recent state proceedings in Bell Atlantic's territory to determine overhead loading factors for unbundled network elements have used a figure of approximately ten percent.

IV.   BELL ATLANTIC'S CHARGES IMPROPERLY INCLUDE COSTS OF SS7, OSS AND BILLING SYSTEMS THAT ARE NOT DIRECTLY RELATED TO LNP QUERY SERVICES

Paragraph 9 of the Designation Order seeks comment on whether costs to modify SS7, OSS and billing systems "are costs not directly related to providing local number portability, and therefore are not properly included in query charges." As discussed above, Ameritech states that its rates include SS7, OSS and billing systems costs "only to the extent they were necessary for the provision of query service," and so did not include costs attributable to other aspects of LNP.[24] In fact, Ameritech concludes that

_____

[23]   Ameritech Transmittal No. 1123, D&J Exhibit 3; Bell Atlantic Transmittal No. 1009, D&J Workpaper 7-5.

[24]   Ameritech Direct Case, p. 5.

"most costs are required for LNP generally, but are not used to provide or bill the Query Service."[25]

Ameritech's observations point out what should be axiomatic: costs such as modifications to provisioning systems that will be used to process requests to port numbers, or to enable Bell Atlantic's internal billing and maintenance systems to identify customers by LRN rather than by telephone number, should not be attributed to LNP query services. N-1 carriers that purchase queries do not cause such costs, and do not benefit from them (at least not in their role as N-1 carriers). The proper costs for inclusion in query charges are those that an N-1 carrier would incur to perform queries on its own behalf -- that is, for example, the costs that a carrier that served only as an IXC would bear. Plainly, many of the costs Bell Atlantic seeks to build into its query charges fail this test, and so must be excluded.

V.   AMERITECH'S PROPOSED NONRECURRING CHARGES ARE FACIALLY UNREASONABLE

Paragraph 14 of the Designation Order finds that "[i]n general, carriers have failed to justify" their proposed nonrecurring charges. Ameritech's Transmittal No. 1123 indicates that RBOC estimated that it will require seven hours per account per month simply to establish an account for billing default LNP queries.[26] This "nonrecurring" charge will be levied on an N-1 carrier in each and every month that it delivers default traffic to Ameritech's network.

---

[25]   Id., p. 6 (emphasis added).

[26]   Ameritech Transmittal No. 1123, D&J Exhibit 2.

Ameritech's direct case offers only that this charge is justified because its employees will have to "manually investigate[] and bill[] an N-1 carrier for Default Traffic."[27] Its seven-hour estimate is radically overstated, however, for a task which should require little more than determining the appropriate carrier and entering a billing name and address in a computer system. Further, all or virtually all customers of Ameritech's "default query" service will also be purchasing exchange access from that ILEC on a regular basis in order to terminate interexchange calls in its territory. Ameritech therefore in most cases already will have established an account with those carriers, and therefore should not need to impose any non-recurring charges relating to billing.

Moreover, there is no basis for Ameritech's proposal to impose this so-called "nonrecurring" charge on a monthly basis. After a carrier has been billed during one month for default LNP query service, Ameritech cannot plausibly contend that it will require seven hours to set up billing in each subsequent month. In contrast, Bell Atlantic does not propose any such explicit "non-recurring" charge for default queries.

VI.   AMERITECH AND BELL ATLANTIC FAIL TO PROVIDE ADEQUATE
        JUSTIFICATION FOR THEIR QUERY DEMAND FORECASTS

The Commission also sought comment on whether carriers' query demand forecasts are reasonable, and how they should treat their own demand. Query demand levels are critical to LNP query service rates, as that figure determines how widely the overall costs of queries will be spread, and thus the ultimate cost of that service.

---

[27]   Ameritech Direct Case, p. 17.

Bell Atlantic's direct case does nothing more than refer to its previously

filed Description and Justification (which the Designation Order already found lacking),

and state that it included its own queries in its calculations and that these queries

constituted 99.3617% of its total query demand.[28] That RBOC provides no information

of any kind as to how it actually determined its total query volume. The information Bell

Atlantic does provide, however, raises serious questions about its methodology.

First, Bell Atlantic's forecasted queries are based on the first year of LNP

implementation ("year 1"). If year 1 costs were also used to determine Bell Atlantic's per

query charge (it is impossible to determine this from the data Bell Atlantic submitted),

then that practice would tend to inflate the tariffed rates. According to the attachment to

the Bell Atlantic's direct case, its LNP costs for year 1 are the highest of the years covered

by its projections. At the same time, it is also reasonable to assume that year 1 query

volumes will be the lowest of the years covered by Bell Atlantic's figures, because the

porting of telephone numbers will just be beginning. Thus, using year 1 figures to derive

the per query rate would tend to make the numerator (costs) in the per query costs

equation larger, while decreasing the denominator (number of queries), and thereby

overstating the per query charge.

Further, based on the information Bell Atlantic's direct case gives as to

query volumes, its investment per query appears to be significantly overstated. Bell

Atlantic states at page 4 of its direct case that it estimated that its own traffic will account

---

[28]   Bell Atlantic Direct Case, p. 4.

for 99.3617% of its total query volume. Workpaper 7-6 of its Transmittal No. 1009 shows that non-Bell Atlantic queries were estimated at 550.228 million. Therefore, the total number of queries Bell Atlantic expects should be 550.228 million / .006383, or 86.202 billion queries. Workpaper 7-2 states that investment per query is $0.002885. Therefore, Bell Atlantic's total investment is 86.202 billion x $0.002885 = $248.7 million. However, according to the attachment to Bell Atlantic's direct case, its total 5-year investment is $90.7 million.

Ameritech states at page 15 of its direct case that it estimates that 15% of its queries will be for carriers other than itself. This figure is many orders of magnitude greater than Bell Atlantic's estimated .006383% queries for carriers other than itself, and serves to highlight the uncertainty of the entire enterprise of predicting LNP query volumes. Such forecasts are, however derived, no more than "best guesses" as to how fast local competition will develop and how many customers will choose to port their numbers -- issues which telecommunications industry participants, investors, and federal and state government officials would readily agree defy confident prediction.

Ameritech's proposed requirement that carriers requesting prearranged query service provide 3-month rolling estimates of their traffic volumes would add little, if any, additional certainty to query demand forecasts, as N-1 carriers are unlikely to have significantly greater insight into the future of local competition than does Ameritech. Further, any marginal added accuracy that Ameritech's proposal might yield is greatly outweighed by its anticompetitive aspects. It is readily foreseeable that requiring carriers to report expected call volumes at each end office and tandem could provide Ameritech with valuable competitive intelligence about its direct competitors. It should be sufficient

for carriers to report whether or not they intend primarily to utilize their own or another carrier's query services, or to use Ameritech's.

Given the radical uncertainty surrounding query demand forecasting, and the fact that the number of queries one assumes is a major determinant of per query charges, the Commission should approve tariffs for LNP query rates only on a yearly basis, and direct that subsequent year's tariffs be adjusted to reflect over- or undercharging from the previous year. By this means, the charges carriers pay over a period of years will tend to more closely reflect the actual costs of LNP query service than could be achieved by attempting multi-year demand forecasts.

VII. AMERITECH'S PROPOSED BLOCKING STANDARDS VIOLATE THE COMMISSION'S PRIOR LNP ORDERS

Ameritech proposes to block prearranged queries that exceed carriers' forecast volumes by more than 125% when that traffic "threatens to disrupt operation of its network and impair network reliability."[29] The Commission should reject this proposal on two grounds: First, as AT&T has shown, Ameritech should not be permitted to require carriers that seek to prearrange queries to submit forecasts of their anticipated query volumes. Because Ameritech should not be allowed to require such forecasts, it accordingly may not block carriers' LNP queries on the grounds that their forecasts fail to meet a particular accuracy threshold. Moreover, even if Ameritech's proposed 125% blocking standard were otherwise permissible, its direct case offers no justification for that arbitrary cut-off. Although Ameritech describes its intention to comply with industry

---

[29] See Ameritech Direct Case, p. 24; Ameritech Transmittal No. 1130, § 6.4.2(C)(3).

standards regarding its SCP capacity utilization,[30] it nowhere explains how it derives its tariffed 125% figure from this analysis.

Ameritech's proposal also should be rejected on the grounds that the Commission's LNP Second Report and Order does not permit carriers to block prearranged queries. That order adopted a NANC recommendation that the Commission "permit carriers to block 'default routed calls' coming into their networks."[31] The NANC recommendation made no provision for blocking prearranged queries, providing only that:

> Unless specified in business arrangements, carriers may block default routed calls incoming to their network in order to protect against overload, congestion, or failure propagation that are caused by the defaulted calls.[32]

Nothing in the LNP Second Report and Order suggests that LECs may block prearranged queries in addition to default routed calls. In fact, that order urges CMRS providers, who are not responsible for querying calls until December 31,1998, "to make arrangements with LECs as soon as possible to ensure that their calls are not blocked."[33] As that order recognizes, the NANC's LNP architecture recommendations "represent industry consensus" and were not challenged by any party when the Commission sought public

---

[30]   Ameritech Direct Case, pp. 20-21.

[31]   LNP Second Report and Order, ¶ 76; see also id. ("we will allow LECs to block default routed calls, but only in specific circumstances when failure to do so is likely to impair network reliability") (emphasis added).

[32]   North American Numbering Council, Local Number Portability Administration Selection Working Group, LNPA Technical & Operational Requirements Task Force Report, April 25, 1997, § 7.10 (emphasis added).
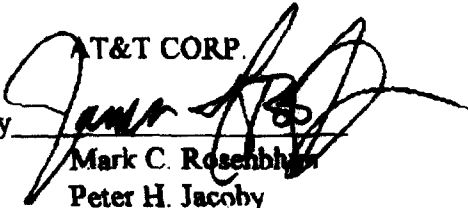
[33]   LNP Second Report and Order, ¶ 78.

comment on that document.[34] Ameritech should not now be permitted to seek to modify

the terms on which all carriers and the Commission have agreed LNP should be

administered.

CONCLUSION

For the foregoing reasons, the Commission should reject the Ameritech and

Bell Atlantic LNP query service tariffs under investigation in this proceeding.

Respectfully submitted,

AT&T CORP.

By _____
Mark C. Rosenbl...
Peter H. Jacoby
James H. Bolin, Jr.

Its Attorneys

Room 3247H3
295 North Maple Avenue
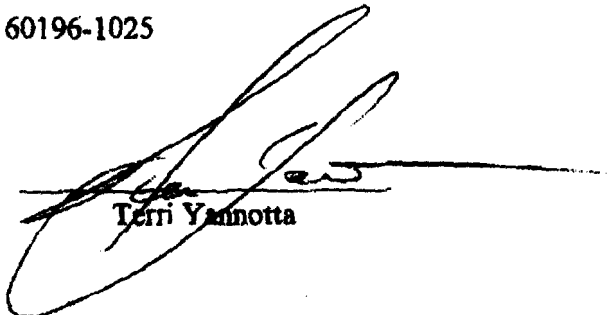Basking Ridge, NJ 07920
(908) 221-4617

February 20, 1998

---

[34]   Id., ¶ 71.

CERTIFICATE OF SERVICE

I, Terri Yannotta, do hereby certify that on this 20th day of February, 1998, a copy of the foregoing "Opposition To Direct Cases" was mailed by U.S. first class mail, postage prepaid, to the parties listed below:

John M. Goodman, Esq.
Michael E. Glover, Esq.
Bell Atlantic Telephone Companies
1300 I Street, N.W.
Washington, DC 20005

Larry A. Peck, Esq.
Ameritech
2000 West Ameritech Center Drive
Room 4H86
Hoffman Estates, IL 60196-1025

Terri Yannotta

February 20, 1998